

(19) World Intellectual Property Organization  
International Bureau(43) International Publication Date  
24 April 2003 (24.04.2003)

PCT

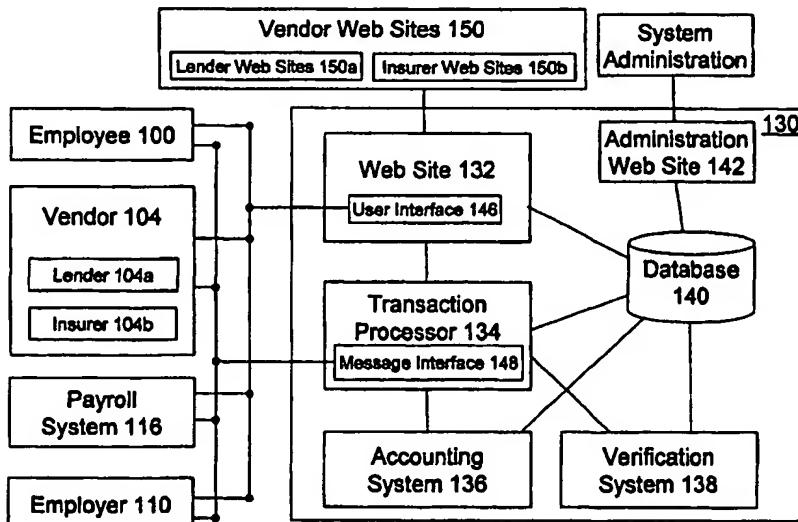
(10) International Publication Number  
WO 03/034186 A2

- (51) International Patent Classification<sup>7</sup>: G06F
- (21) International Application Number: PCT/US02/33584
- (22) International Filing Date: 16 October 2002 (16.10.2002)
- (25) Filing Language: English
- (26) Publication Language: English
- (30) Priority Data:  
 60/329,773 16 October 2001 (16.10.2001) US  
 60/338,770 5 December 2001 (05.12.2001) US  
 60/342,607 21 December 2001 (21.12.2001) US
- (71) Applicant (for all designated States except US): NEWATTITUDE INC. (DBA DIGITAL WORLD ACCESS, INC.) [US/US]; 4800 SW Meadows Road, Suite 300, Lake Oswego, OR 97035 (US).
- (72) Inventors; and
- (75) Inventors/Applicants (for US only): SAILORS, Eric [US/US]; 17211 Blue Heron Rd., Lake Oswego, OR 97034 (US). BROWN, Nicholas, Anthony, Lindsay [GB/GB];
- (74) Agent: OSTER, Karen, Dana; Law Office of Karen Dana Oster, PMB 1020, 15450 SW Boones Ferry Rd. #9, Lake Oswego, OR 97035 (US).
- (81) Designated States (national): AE, AG, AL, AM, AT, AU, AZ, BA, BB, BG, BR, BY, BZ, CA, CH, CN, CO, CR, CU, CZ, DE, DK, DM, DZ, EC, EE, ES, FI, GB, GD, GE, GH, GM, HR, HU, ID, IL, IN, IS, JP, KE, KG, KP, KR, KZ, LC, LK, LR, LS, LT, LU, LV, MA, MD, MG, MK, MN, MW, MX, MZ, NO, NZ, OM, PH, PL, PT, RO, RU, SD, SE, SG, SI, SK, SL, TJ, TM, TN, TR, TT, TZ, UA, UG, US, UZ, VN, YU, ZA, ZM, ZW.
- (84) Designated States (regional): ARIPo patent (GH, GM, KE, LS, MW, MZ, SD, SL, SZ, TZ, UG, ZM, ZW), Eurasian patent (AM, AZ, BY, KG, KZ, MD, RU, TJ, TM), European patent (AT, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, IE, IT, LU, MC, NL, PT, SE, SK, TR), OAPI patent (BF, BJ, CF, CG, CI, CM, GA, GN, GQ, GW, ML, MR, NE, SN, TD, TG).

*[Continued on next page]*

## (54) Title: SELF-ADMINISTERED AUTOMATIC PAYROLL DEDUCTION

WO 03/034186 A2



(57) Abstract: The present invention is directed to a method for allowing an employee (100) to self-administer automatic payroll deductions from his gross pay (120) through a money management system (130). Preferably, the employee (130) self-registers in the money management system via the web. Then the employee (100) may submit at least one transaction request to facilitate a financial obligation to at least one vendor (104). The system (130) then arranges for payment of the financial obligation and directs the payroll system (116) to withdraw funds from the employee's gross pay (120) (using at least one automatic payroll deduction) and to transfer the withdrawn funds to the at least one vendor (104). In one preferred embodiment, the system (130) provides access to a lender-vendor (104a) to arrange financing for the financial obligation and to a credit-risk reducing feature (104b) such as insurance.

**SELF-ADMINISTERED AUTOMATIC  
PAYROLL DEDUCTION**

The present application is a nonprovisional of U.S. Provisional Patent Application Serial Number 60/329,773, filed October 16, 2001, a nonprovisional of U.S. Provisional Patent Application Serial Number 60/338,770, filed December 5, 2001, and a nonprovisional of U.S. Provisional Patent Application Serial Number 60/342,607, filed December 21, 2001. The present application is based on and claims priority from these provisional applications, the disclosures of which are hereby incorporated herein by reference.

**BACKGROUND OF INVENTION**

The present invention is directed to a self-administered automatic payroll deduction system, and more specifically to a web-dependent self-administered automatic payroll deduction system that may include a web service automatic payroll deduction setup feature and/or a web service eligibility check feature.

FIG. 1 shows the existing payroll network system in which each individual (for the purpose of this disclosure, an employee 100) has a monthly responsibility and commitment to micromanage his own money. Every month (or on an alternate periodic or non-periodic basis), after receiving his net pay 102 in the form of a check, direct deposit, or other form of payment (e.g. replenishment of a payroll debit card), the employee 100 must make payment 106 to a multiplicity of vendors 104 that offer goods and/or services. The monthly process of bill payment can take hours, as the employee 100 must locate all the bills that need to be paid, write the checks, balance the accounts, find envelopes (and write the address thereon) and stamps (at an additional cost), and verify that the previous month's payments have been received by the respective vendors. A missing bill or a lost payment can result in the addition of hours of extra work and probable surcharges to this

for 401(k) contributions are more likely to continue on a regular savings plan than counterparts whose employers do not offer such a program.

Some employers have begun to recognize that automatic payroll deductions can be used to allow an employee to pay for computers and some 5 finance companies have started to offer programs by which employers can offer their employees credit card-like products that are paid using payroll deductions. These programs, however, are complicated (e.g. they require the employer to develop specific policies and procedures) and risky to the employer (e.g. if the employee quits, dies, is fired, or otherwise leaves the 10 employer's company, the employer runs a high risk of never being paid back). The problems are enough to prevent most employers from implementing such programs.

The credit card-like products that have been introduced in the last few years are generally administered by third parties and can be offered 15 by employers as a benefit to their employees. The card in these credit card-like products may be used in a manner similar to a credit card for purchases, but payments are deducted from the employee's paycheck using automatic payroll deduction. These credit card-like products are extremely limited in scope and have strict limitations such as who can participate (e.g. age 20 requirements), minimum salary requirements, the percentages of the paycheck that may be spent, and the products that can be purchased. In addition, in effect these credit card-like products encourage spending and debt, not efficient money management.

Payroll processors such as ADP®, Paychex®, ProBusiness®, 25 Ceridian®, and PrimePay®, makes up a payroll network that annually handles approximately \$3.6 trillion in wages for employed workers. Employers using payroll software produced by such companies as Microsoft (Great Plains Accounting), Peoplesoft, SAP, Oracle, or Intuit also handle a significant amount of money. Payroll processors and payroll software systems are 30 already handling automatic payroll deductions. Throughout this disclosure, the term "payroll system" will be used to describe payroll processors, payroll

- reserve fund. In one preferred embodiment of the invention disclosed in the Consumer Financing reference, the lender's decision to fund the employed customer may be based, at least in part, on the employed customer's employment (and the employer's agreement to use automatic payroll deductions) and/or the presence of the credit-risk reducer. The method of the Consumer Financing reference invention results in efficiencies that make credit enhancement viable for every customer.

## BRIEF SUMMARY OF THE INVENTION

The present invention uses existing payroll networks and electronic communication media for automatic payroll deductions to create a more efficient consumer finance model. More specifically, the present invention is directed to a web-dependent self-administered automatic payroll deduction system that may include a web service automatic payroll deduction setup feature and/or a web service eligibility check feature.

The present invention is directed to a method for allowing an employee to self-administer automatic payroll deductions from his gross pay through a money management system. Preferably, the employee (who is employed by an employer having a payroll system with automatic payroll deduction capabilities) self-registers in the money management system. Preferably, the employee self-submits his registration request via the web. Then, the employee may submit at least one transaction request to facilitate a financial obligation to at least one vendor. The system then arranges for payment of the financial obligation through the payroll system. The system then directs the payroll system to withdraw funds from the employee's gross pay using at least one automatic payroll deduction and directs the payroll system to transfer the withdrawn funds to the at least one vendor.

In one preferred embodiment, the system provides access to a lender-vendor to arrange financing for the financial obligation and to a credit-risk reducing feature such as insurance. The lender-vendor may determine creditworthiness of the employee based at least in part on the reliability factor provided by automatic payroll deductions. The lender-vendor may also

FIG. 7 is a schematic diagram of a first preferred exemplary embodiment of an employee registration process of the present invention in which the employee controls all information about the employee.

5 FIG. 8 is a schematic diagram of a second preferred exemplary embodiment of an employee registration process of the present invention in which the payroll system controls at least some information about the employee.

10 FIG. 9 is a schematic diagram of a first preferred exemplary embodiment of an employee update process of the present invention in which the employee controls all information about the employee.

FIG. 10 is a schematic diagram of a second preferred exemplary embodiment of an employee update process of the present invention in which the employee controls all the information about the employee and the payroll system requires notification of updates.

15 FIG. 11 is a schematic diagram of a third preferred exemplary embodiment of an employee update process of the present invention in which the payroll system controls at least some information about the employee.

20 FIG. 12 is a schematic diagram of an exemplary embodiment of a change in employee employment status process of the present invention in which the payroll system provides information about the employee's change in employment status.

FIGS. 13A and 13B are schematic diagrams of an exemplary embodiment of an employee purchase process of the present invention in which the purchase is made through a registered vendor.

25 FIG. 14 is a schematic diagram of an exemplary embodiment of an employee purchase process of the present invention in which the purchase is for an ongoing service and is made through a registered vendor.

30 FIG. 15 is a schematic diagram of an exemplary embodiment of an exemplary employee payment process in which the payment is made to a non-associated vendor.

money management - a foundation for realizing the vision of the "digital wallet."

Before turning to the specifics of how the present invention functions, each of the components of an exemplary system (such as that shown in FIG. 3) will be discussed. It should be noted that even if only a single component is shown, for certain types of components, it is probable that more than one component will be used. For example, the number of employees 100 and vendors 104 could be almost limitless and the system would be adjusted to compensate for the appropriate load.

For purposes of this disclosure, the term "employee 100" has been used. The term employee is used to describe an individual that is an employee, a customer, a client, a service user, a licensee, a taxpayer, a saver, and/or any other user of the system. The definition of employee is extended herein beyond its ordinary meaning in that it may include anyone who receives income through a payroll processor or payroll software system. For example, a self-employed person could pay himself through a commercial payroll processor such as ADP and thereby take advantage of the present invention. Similarly, if payments are from social security, retirement programs, brokerage accounts, welfare, or any other source of income that is (or could be) distributed using a payroll processor or payroll software system, the individual receiving payments could be considered an "employee 100" for the purpose of this invention. It is also possible that the employee 100 of the present invention could be set up as an individual who receives income from an alternative source (e.g. a bank), even if the income does not flow through a payroll processor or payroll software system. Every employee 100 has a unique employee identification that may be his social security number, a Microsoft® .NET Passport, or a unique identification generated by the system 130. The unique employee identification, once entered into the system, is connected to information about the employee 100 such as his name, address, phone number, social security number, bank routing numbers, current employer, current salary or other determination of payroll limits, current payroll deduction status, and other relevant data. Appropriate safeguards such as

As evident from the above description of the term "employee 100," the term "employer 110" is similarly extended herein beyond its ordinary meaning in that it may include any entity that provides payment through a payroll processor or payroll software system. For example, a self-employed 5 person who pays himself through a commercial payroll processor such as ADP would be an employer for purposes of this invention. Similarly, entities that provide payments (e.g. social security, retirement programs, brokerage accounts, welfare, insurance companies, or any other source of income that is (or could be) distributed using a payroll processor or payroll software) could 10 be considered an "employer 110" for the purpose of this invention. Every employer 110 has a unique employer identification that may be its employer identification number or a unique number. The unique employee identification, once entered into the system, is connected to information about the employer 110 such as its name, address, phone number, employer 15 identification, bank routing numbers, current employees, payroll processor/software, and other relevant data. Appropriate safeguards such as password protection and limited access grants would be included in most implementations of the present invention.

There are many incentives for an employer 110 to use the 20 system of the present invention. An employer 110 may offer this system to its employees 100 as a perk or benefit without cost to itself. This benefit, like other benefits, can have the effect of increasing employee retention. For certain types of purchases (e.g. computers), the employer 110 may find that its employees 100 are more likely to learn and become comfortable with new 25 technology on their own time. Having the specific parties perform their own data entry substantially eliminates errors and significantly reduces workload of the employer's personnel. The employer's 110 responsibility for the accuracy of the information input by the employee 100 would also be reduced or eliminated. In addition, because installment and other payments are 30 consolidated electronic fund transfers, there is no more work for the employer 110 in using the present invention than using the current system. An advantage of one alternative embodiment is that an employer 110 may receive additional volume discounts if employees 100 purchase products

before the payment has been made to the vendors 104. It should be noted that early adopters of the present invention might be able to attract employers 110 as new clients. As the present invention becomes predominant, payroll processors 116a that do not offer this system may lose clients.

5 For the purpose of this disclosure, the term "goods and/or services" is used to describe exemplary "financial obligations" or "purchases" such as taxes, loans (e.g. car payments, mortgages, credit card purchases, charitable contributions, computer loans), investments (e.g. 401(k) plans, stocks, savings programs, IRAs, 529 plans), financial obligations (e.g. child  
10 support, alimony), services (e.g. housing, insurance, utilities, educational services, medical services, travel services, memberships, subscriptions), and goods (e.g. consumer purchases). These exemplary goods and/or services have been categorized for exemplary purposes only and, except as otherwise noted, may be categorized in many alternative ways. The term "financial  
15 obligations" may also be used to describe the price for the goods and/or services or payments directed towards goods and/or services.

As implied by the definition of the term "goods and/or services," the term "vendor 104" is used to describe such exemplary goods and service providers as the government, lenders (e.g. car loan companies, mortgage  
20 companies, credit card companies, computer loan providers, banks), investment companies (e.g. those that offer 401(k) plans, stocks, savings programs, IRAs, 529 plans), charities, service providers (e.g. landlords, insurance companies, utility companies, schools, doctors and hospitals, travel providers (e.g. travel agencies, hotels, airlines, car rental companies)), and/or  
25 goods providers (e.g. stores, original equipment manufacturers, distributors, magazine, and other service providers). These exemplary vendors 104 have been categorized for exemplary purposes only and, except as otherwise noted, may be categorized in many alternative ways. Every vendor 104 has a unique vendor identification that may be its Microsoft® .NET Passport ID, tax  
30 identification number, or a unique identification generated by the system 130. The vendor identification, once entered into the system, is connected to information about the vendor 104 such as its name, address, phone number,

other figures, the flow of the information shown and/or described is the virtual flow and the actual path may be through the system 130 or via another indirect path.

As shown, the system 130 includes several subsystems: a web site 132, a transaction processor 134, an accounting system 136, a verification system 138, a database 140, and an administration web site 142. These subsystems are meant to be exemplary and may be divided or combined with each other. Further, additional subsystems could be added and some subsystems could be eliminated (e.g. the administration web site 142). The pathways shown are also meant to be exemplary and alternate pathways may be used (e.g. the administration web site 142 may be connected to each of the subsystems).

The web site 132 is preferably a user-friendly web site with a user interface 146 that allows easy, but secure, access to all relevant parties.

One exemplary web site 132 would include a home page with a brief explanation of the system 130 and links to separate portions of the web site 132 for employees 100, vendors 104, employer 110, and payroll system 116. To access the web site 132, the parties would be prompted to enter their respective unique identification and a password. Alternative embodiments may use alternative security measures. As appropriate, the web site 132 may include links to vendor web sites 150 such as a lender-vendor web site 150a, an insurer-vendor web site 150b, a goods-vendor web site 150c (FIGS. 13A and 13B), and/or a service-vendor web site 150d (FIG. 14). The vendor web sites 150 may be traditional web sites or they may be sites created by the system 130 for the vendors 104 upon registration. These links may be selectable by the user and/or they may be transparent to the user.

In one preferred embodiment, the transaction processor 134 processes most transactions conducted through the system 130. As will be discussed below, the transaction processor 134 handles employer setup (FIGS. 4-5), vendor registration (FIG. 6), employee registration (FIGS. 7-8), employee updates (FIGS. 9-11), change in employee employment status (FIG. 12), employee purchases (FIGS. 13A-15), and payroll process (FIGS.

- as the web site 132, transaction processor 134, accounting system 136, verification system 138, and administration web site 142, preferably have appropriate access rights to the database 140 to send and receive data therefrom. Appropriate parties (e.g. vendors 104, employers 110, payroll systems 116, and/or the accounting system 136) may have appropriate access to the information stored on the database 140. The program and known security systems will limit access for each party to information appropriate to each party.

An administration web site 142 may be included in the present invention to allow system administration (FIG. 3) to access the internal processes of the web site 132, transaction processor 134, accounting system 136, and/or verification system 138. The system administrators may manually add information to the system 130 using the administration web site 142. The administration web site 142 may also be used for system administrators to provide maintenance to the system 130.

FIGS. 4-18 show exemplary processes that may be used to implement the present invention. The processes are meant to be exemplary and are not meant to limit the scope of the invention.

FIG. 4 shows a first preferred exemplary embodiment of an employer setup process of the present invention in which an outsourced payroll processor 116a is used. In this embodiment, the payroll processor 116a or a third party (e.g. the system administrator) informs the employer 110 about the availability of a new service. The employer 110 requests participation in the system 130 through the payroll processor 116a or the third party. Either the employer 110 submits an online registration (possibly through a web site user interface 146 or a transaction processor message interface 148) to the system 130 or the payroll processor 116a submits an online registration (possibly through a web site user interface 146 or a transaction processor message interface 148) on behalf of the employer 110 to the system 130. The party submitting the information would be required to provide information about the employer 110 such as its name, address, phone number, employer identification, bank routing numbers, current employees,

processor message interface 148) to the system 130. The vendor 104 would be required to provide information such as its name, address, phone number, tax identification number, bank routing numbers, and other relevant data to allow electronic funds transfer. (The vendor 104 would not be required to supply the unique employee identifications, as that could be the responsibility of the employees 100.) The system 130 asks the vendor 104 to print registration/funds transfer details to present to the vendor's bank to verify accuracy. In one embodiment, the web site 132 sends the vendor's details to the transaction processor 134 that, in turn, provides the information to the database 140 where it is stored. The system 130 preferably generates a unique vendor identification that is supplied to the vendor 104 along with a confirmation of the vendor's details. It should be noted that the vendor 104 is responsible for accuracy of supplied details and is liable for any inaccuracies. The vendor 104 may provide the unique vendor identification to all the employees 100 who may want to set up an automatic payroll deduction to this vendor 104. Alternatively, the vendor's name may be added to a list stored at the web site 132 so that employees 100 desiring to purchase goods and/or services from the vendor 104 may select the vendor's name. If a vendor 104 is not registered with the system 130, the instructions for vendor registration can be obtained from the web site 132 by the vendor 104, the employee 100, or any visitor. Instructions can be printed and presented to potential vendors 104 as needed. It should be noted that certain vendors 104 may be registered directly by the system administration and might not have to register using the registration process described above.

Once the employer 110 has been registered, the employer's employees 100 may register to take advantage of the system. FIGS. 7 and 8 show two exemplary processes by which the employee 100 may register.

FIG. 7 shows a first preferred exemplary embodiment of an employee registration process of the present invention in which the employee 100 controls all information about the employee 100. This embodiment is particularly suitable if the employer 110 wants to reduce its workload. In one preferred embodiment, the employee 100 registers using the web site 132.

method of employee registration is particularly suitable when the employer's 110 human resource department or the payroll system 116 controls certain information (e.g. name and address) about the employee 100. This embodiment may provide some additional assurance to vendors 104 (e.g. 5 lenders, insurers, and original equipment manufacturers) that information in the system 130 is accurate. In this embodiment, the employee 100 registers using the web site 132. The employee 100 may use a password-protected identification (e.g. Microsoft's® .NET Passport ID) or may set up an account using personal information verifiable by the system. The employee 100 would 10 be asked to supply only enough information for self-identification. The web site 132 then sends the employee registration request to the transaction processor 134 that, in turn, may generate a unique employee identification. The transaction processor 134 preferably sends the employee registration request to the payroll system 116. The system 130 may also ask the 15 employee 100 to print, sign, and send a registration document to the payroll system 116. The registration document preferably includes the unique employee identification and authorization for automatic payroll deductions through the system 130. Alternatively, the registration document may be sent electronically to the payroll system 116 using electronic verification, electronic 20 signature, or digital signature as verification of identity. Upon receipt of the registration request and/or registration document, the payroll system 116 updates its internal database to release information pertaining to the employee 100 to the system 130. The payroll system 116 then sends a registration confirmation to the system 130 (e.g. by email, fax, or by logging 25 onto the web site 132) acknowledging that the employee 100 is employed by the employer 110 and providing any relevant information. Once the employee's information has been received, the transaction processor 134 updates the employee's status in the database 140 and notifies the employee 100 (e.g. by email) that registration has been confirmed. It should also be 30 noted that the supplied information might be supplied to or available to user authorized appropriate parties (e.g. vendors 104, employers 110, payroll systems 116, and/or the accounting system 136).

alternatively, may log onto the web site 132 to confirm the update of the employee record. Preferably, the updated information is stored in the database 140. The transaction processor 134 may notify the employee 100 by email (or in an alternative suitable manner) that the update has been confirmed. It should also be noted that the updated information might be supplied to or available to additional user authorized appropriate parties (e.g. vendors 104, employers 110, payroll systems 116, and/or the accounting system 136).

FIG. 11 shows a third preferred exemplary embodiment of an employee update process of the present invention in which the payroll system 116 controls at least some information about the employee 100. This embodiment may be useful to ensure accurate information is provided to vendors 104 (e.g. lenders, insurers, and OEMs). In this embodiment, the employee 100 notifies the payroll system 116 of a change in information (e.g. change of name, address, etc.). The payroll system 116 then sends the employee's updated information to the system 130. The payroll system 116 may send the updated information via email or, alternatively, by logging onto the web site 132. The transaction processor 134 then updates the database 140 with the employee's updated information. Preferably, the transaction processor 134 also notifies the employee 100 (e.g. by email or through the web site 132) that the update has been confirmed. It should also be noted that the updated information might be supplied to or available to user authorized appropriate parties (e.g. vendors 104, employers 110, payroll systems 116, and/or the accounting system 136).

FIG. 12 shows an exemplary embodiment of a change in employee employment status process of the present invention in which the payroll system 116 and/or employer 110 provides information about the employee's 100 change in employment status. (If the employee 100 updates his own employment status, the process would be done using the processes shown in FIGS. 9 and 10.) In this process, the payroll system 116 and/or employer 110 notifies the system 130 of change in employment status of the employee 100 using an email notification to the transaction processor 134 or

As shown in FIG. 13A, the employee 100 logs onto the web site 132, selects the registered goods-vendor 104c, and is redirected to the goods-vendor web site 150c. Alternatively, the employee 100 logs onto the goods-vendor web site 150c and selects a payment option indicating the purchase is to be paid for using the payment system of the present invention.

The employee 100 selects goods such as a car, computer, one-time service (e.g. installation of a new furnace), or other product or service. The goods-vendor 104c may accept payment directly from the system 130 so as to function as a lender-vendor 104a. Alternatively, the employee 100 may be redirected from the goods-vendor web site 150c to a lender-vendor web site 150a where the employee 100 completes a loan application. During the regular process of completing the application, the employee 100 may be given the option to purchase insurance. The insurance would be to ensure that the lender-vendor 104a would be repaid for the loan even if the employee 100 loses his job. If the employee 100 selects this option, the lender-vendor web site 150a redirects the employee 100 to the insurer-vendor web site 150b where the employee 100 completes an insurance application (possibly being asked questions pertaining to employment and/or health). The insurer-vendor 104b may require the employee 100 to print, sign, and send appropriate insurance documentation to the insurer-vendor 104b. Alternatively, the insurance documentation may be sent electronically to the insurer-vendor 104b using electronic verification, electronic signature, and/or digital signature as verification of identity. It should be noted that the insurance documentation might be sent to the insurer-vendor 104b via the web site 132 and/or transaction processor 134. As discussed in the Consumer Financing reference, the system 130 may provide for insurance on behalf of the employee 100.

The employee 100 then returns to the lender-vendor web site 150a and completes the loan application. The lender-vendor 104a independently approves or declines the loan application. The lender-vendor 104a may partially base its decision to grant the loan on whether insurance is purchased. If the loan is approved, the lender-vendor 104a may require the employee 100 to print, sign, and send appropriate loan documentation to the

the employee 100 otherwise obtains the goods). In one preferred embodiment, the goods-vendor 104c sends a confirmation to the system 130 that the goods have been shipped/delivered and the transaction processor 134 updates the order status in the database 140, sends a confirmation to the 5 accounting system 136 that the goods have been shipped/delivered, and notifies the lender-vendor 104a and/or the insurer-vendor 104b that the goods have been shipped/delivered. The accounting system 136 preferably issues an invoice to the lender-vendor 104a for payment of goods and the lender-vendor 104a pays the invoice to the system 130 and provides accounting 10 details. The insurer-vendor 104b sends an invoice to the system 130 and the system 130 pays the invoice to the insurer-vendor 104b per terms and provides accounting details. The goods-vendor 104c sends an invoice to the system 130 and the system 130 pays the invoice to the goods-vendor 104c per terms and provides accounting details. It should be noted that, depending 15 on the transaction, some of these steps might be eliminated, some of the steps might be conducted in a different order, and/or some of the steps might be conducted simultaneously.

FIG. 14 shows an exemplary embodiment of an employee purchase process of the present invention in which the purchase is for an 20 ongoing service and is made through a registered service-vendor 104d using automatic payroll deduction. Unlike the example set forth in FIGS. 13A and 13B, there is no loan in this embodiment. For the purpose of this example, a service-vendor 104d may be any service provider to which ongoing periodic payments are made. For this example, exemplary service-vendors 104d may 25 include landlords, insurance companies, utilities, savings plans, charities, memberships, and subscriptions. The employee 100 preferably sets up an automatic payroll deduction for service-vendor 104d by logging onto the web site 132 and selecting the service-vendor 104d. The web site 132 then redirects the employee 100 to the service-vendor web site 150d. In an 30 alternative embodiment, the employee 100 logs onto the service-vendor web site 150c and selects a payment option indicating the service is to be paid for using the payment system of the present invention. The employee 100 may select his desired services on the service-vendor web site 150d. It should be

- or its bank). The system would generate a unique identification for the non-associated vendor 104. Whoever registers the non-associated vendor 104 with the system 130 takes on the responsibility for the accuracy of the supplied information. To set up an automatic payroll deduction to a non-  
5 associated vendor 104 the employee 100 would log onto the web site 132 and complete an automatic payroll deduction request using his own information (e.g. his unique employee identification) and information about the non-associated vendor 104 including the non-associated vendor's unique identification. Preferably, the employee 100 then provides (either in printed  
10 form or as an electronic verification form) the complete or partially complete automatic payroll deduction request to the non-associated vendor 104 or its bank for verification and/or completion. Once the system 130 receives the automatic payroll deduction request (possibly through a web site user interface 146 or a transaction processor message interface 148), the web site  
15 132 (and/or the transaction processor 134) adds/updates the information pertaining to the non-associated vendor 104 and the particular automatic payroll deduction in the database 140. If the transaction processor 134 has not received the information already, the web site 132 sends the automatic payroll deduction request to the transaction processor 134 and the transaction  
20 processor 134 provides (e.g. by email or by having the payroll system 116 to log onto the web site 132) the automatic payroll deduction request to the payroll system 116. Preferably, the payroll system 116 confirms that the automatic payroll deduction has been set up and the transaction processor 134 updates the automatic payroll deduction status in the database 140.  
25 Preferably, the transaction processor 134 sends a confirmation that the automatic payroll deduction has been set up to the employee 100 and to the non-associated vendor 104. The transaction processor 134 may also send the automatic payroll deduction request into the accounting system 136 and/or the verification system 138 to set up a recurring receivable.

30

FIG. 16 shows a first preferred exemplary embodiment of a payroll process of the present invention in which the system 130 of the present invention monitors all automatic payroll deduction transactions. In order to do this, the payroll system 116 must inform the system 130 when

division of the fees between appropriate parties (e.g. the system 130, the payroll system 116, the lender-vendor 104a, and the insurer vendor 104b).

Based on the invoice summary, the payroll system 116 distributes the funds to the lender-vendor 104a, other vendors 104, and/or fee recipients (e.g. a

- 5 payroll processor 116a, the system 130). The funds may be distributed immediately when the employer 110 forwards the employee's gross pay 120, upon receipt of the invoice summary, or upon the appropriate due date(s). In the shown embodiment, a payment distributor 160 (such as a bank, the system 130, or the payroll system 116) may handle the distributions. The
- 10 payroll system 116 and/or the payment distributor 160 preferably sends the system 130 an accounting summary of the distributions. The accounting system 136 may also invoice the payroll system 116 for a portion of the fee collected from the employee 100 for the automatic payroll distribution service.

FIG. 17 shows a second preferred exemplary embodiment of a

- 15 payroll process of the present invention in which the system 130 of the present invention does not monitor all transactions. As discussed above, payroll deductions may take place in two phases: when the deduction is withheld and when the funds are distributed. In this embodiment, the first phase is implemented by the payroll system 116. The payroll system 116
- 20 also forwards the employee's net pay 102 to the employee 100 and, if applicable, notifies the system 130 of all automatic payroll deductions that have not been made. The transaction processor 134 (or the web site 132) notifies the employee 100, vendor 104, and/or lender-vendor 104a of non-payment of the automatic payroll deduction. The transaction processor 134
- 25 may also update the database 140 to reflect the nonpayment. The payroll system 116 also distributes the funds to the lender-vendor 104a, other vendors 104, and/or fee recipients. The funds may be distributed immediately when the employer 110 forwards the employee's gross pay 120, upon receipt of the invoice summary, or upon the appropriate due date(s). As shown in
- 30 FIG. 16, a payment distributor 160 (such as a bank, the system 130, or the payroll system 116) may handle the distributions. The payroll system 116 and/or the payment distributor 160 preferably sends the system 130 an accounting summary of the distributions. The transaction processor 134

- payroll system 116 may distribute a single goods payment 106c to the goods-vendor 104c that includes a payment from employee 100a. The payroll system 116 may distribute a single service payment 106d to the service-vendor 104d that includes payments from both employee 100a and employee 100b.
- 5     The payroll system 116 may distribute a single transaction fee payment 106e to the system 130 (system-vendor 104e) that includes payments from both employee 100a and employee 100b. The payroll system 116 may distribute a single tax payment 106e to the government (government-vendor 104f) that includes payments from both employee 100a and employee 100b.
- 10    As implied in FIG. 18, additional employers 110b may be incorporated into the system and their respective employees' 100 payments 106 would be similarly distributed.

It should be noted that although the terms "web" and "web-dependent" are used throughout the specification, these terms may include any type of network or technology known (e.g. the internet, LAN, WAN, or any electronic communication media) or yet to be developed that allows similar types of communication. Similarly, although the invention appears to be set forth in terms of an employee 100 using a traditional computer, any type of network terminal known or yet to be developed could be used. For example, a kiosk located at an employer's place of business or a vendor's place of business could be used in place of a traditional computer. Similarly, if the vendor 104 is a credit card company or a bank and the employee 100 obtains pre-approval for a loan, the employee 100 could use a credit card-like (or debit card-like) card at any point of service (POS) or automated teller machine (ATM) such that the POS or ATM services at the network terminal.

It should be noted that an employee 100 may be employed by more than one employer 110. Similarly, more than one person (e.g. a married couple) could be referenced by the unique identification number.

The terms and expressions that have been employed in the foregoing specification are used as terms of description and not of limitation, and are not intended to exclude equivalents of the features shown and

**WHAT IS CLAIMED IS:**

1. A method for allowing an employee to self-administer automatic payroll deductions from his gross pay through a money management system, said method comprising the steps of:
  - (a) registering an employee in said money management system, said employee employed by an employer having a payroll system with automatic payroll deduction capabilities;
  - 10 (b) receiving at least one transaction request from said employee to facilitate a financial obligation to at least one vendor;
  - (c) arranging for payment of said financial obligation through said payroll system with automatic payroll deduction capabilities;
  - 15 (d) directing said payroll system to withdraw funds from said employee's gross pay using at least one automatic payroll deduction based on said financial obligation; and
  - (e) directing said payroll system to transfer said withdrawn funds to said at least one vendor.

25  
2. The method of claim 1 wherein said step of registering an employee is in response to said employee submitting an employee registration request submitted by said employee.

3. The method of claim 1 further comprising the step of receiving an employee registration request via the web.

10. The method of claim 1 further comprising the step of monitoring and verifying that said payroll system has withdrawn funds and transferred said withdrawn funds as directed.

5                   11. A self-administered automatic payroll deduction system, said system comprising:

- (a) at least one employee seeking to finance a financial obligation for the purchase of at least one good and/or service from at least one vendor using automatic payroll deductions withdrawn from gross pay;
- (b) at least one employer employing said employee;
- (c) at least one vendor providing said at least one good and/or service;
- (d) at least one payroll system with automatic payroll deduction capabilities;
- (e) a system website through which said at least one employee may submit employee registration request and at least one transaction request;
- (f) said at least one transaction request identifying said at least one employee, said financial obligation, and said at least one vendor;
- (g) means for processing said at least one transaction request;
- (h) means for arranging for payment of said financial obligation through said at least one payroll system;
- (i) means for directing said at least one payroll system to withdraw funds from said employee's gross pay using at least one automatic payroll deduction based on said financial obligation; and

15. The system of claim 14 further comprising said lender-vendor determining creditworthiness of said employee based at least in part on the reliability factor provided by automatic payroll deductions.

5

16. The system of claim 11 further comprising a credit-risk reducing feature.

17. The system of claim 11 wherein said at least one credit-risk reducer is credit insurance.

18. The system of claim 11 wherein said at least one credit-risk reducer is a recourse reserve fund.

15

19. The system of claim 11 further comprising:

- (a) a lender-vendor to arrange financing for said financial obligation; and
- (b) a credit-risk reducing feature;
- (c) wherein said lender-vendor determining creditworthiness of said employee based at least in part on the reliability factor provided by said credit-risk reducing feature.

20

20. The system of claim 11 wherein said payroll system transfers said withdrawn funds to said at least one vendor via at least one electronic fund transfer.

25

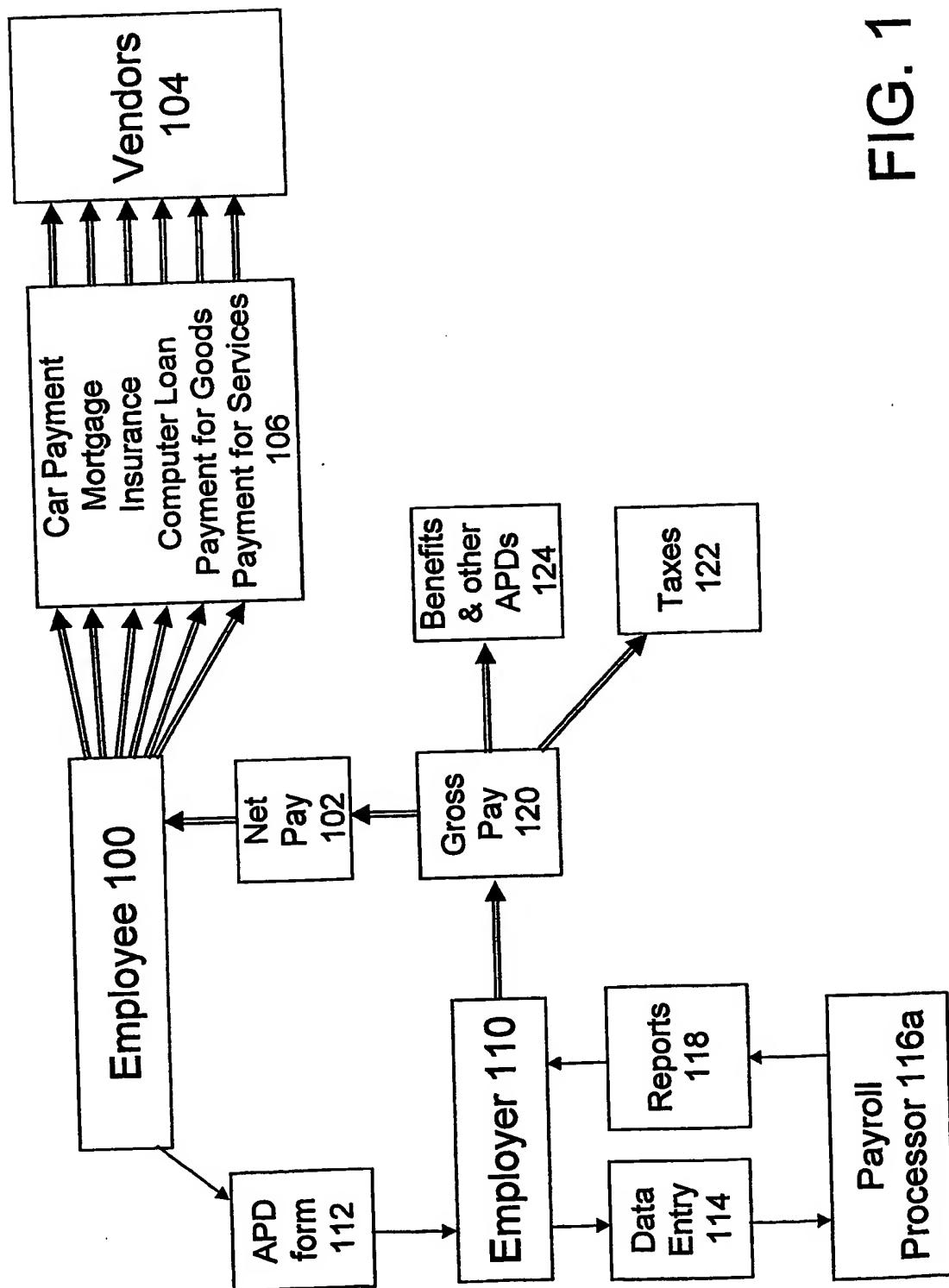


FIG. 1

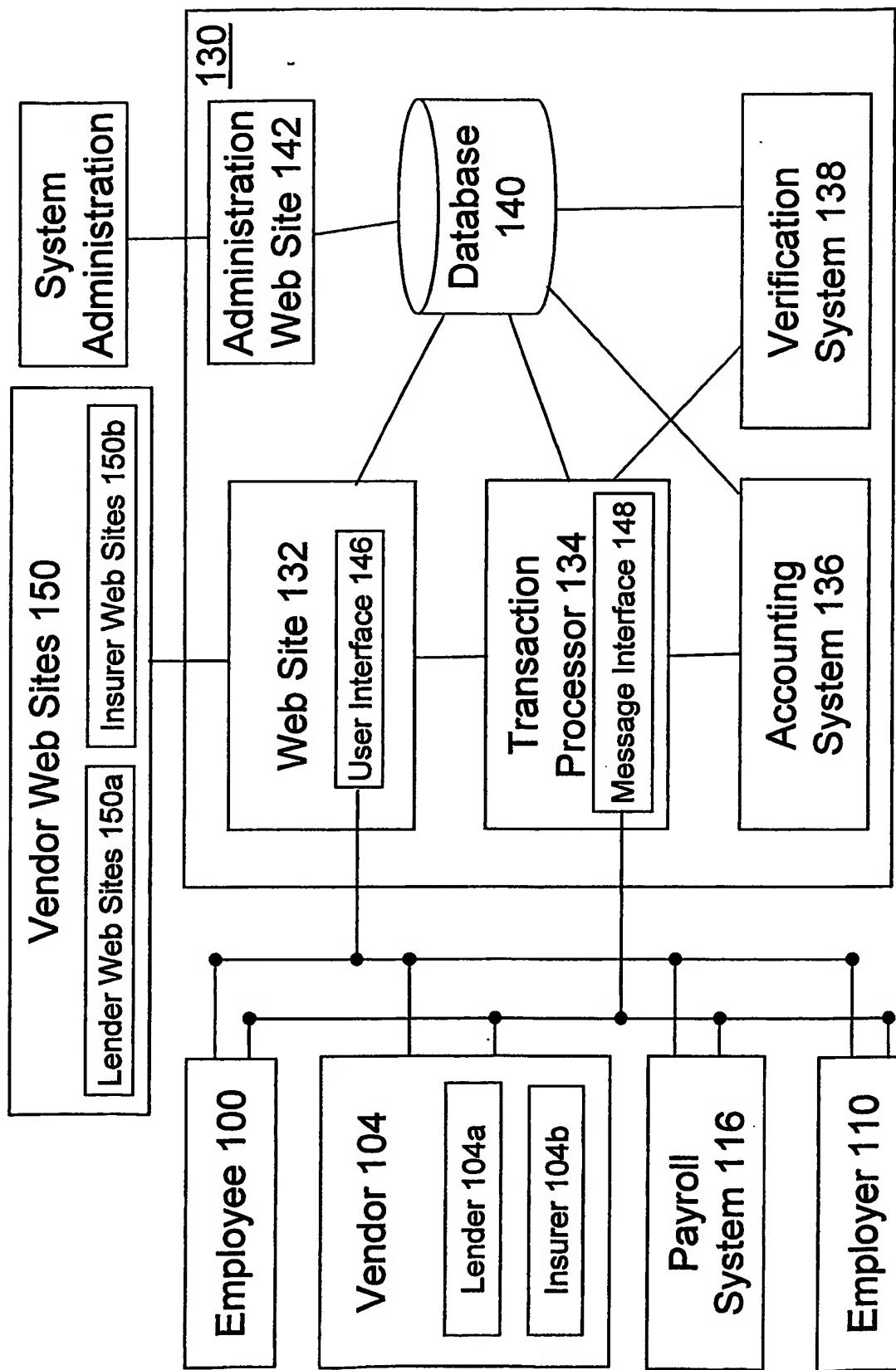


FIG. 3

# Employer Setup Through Payroll Software

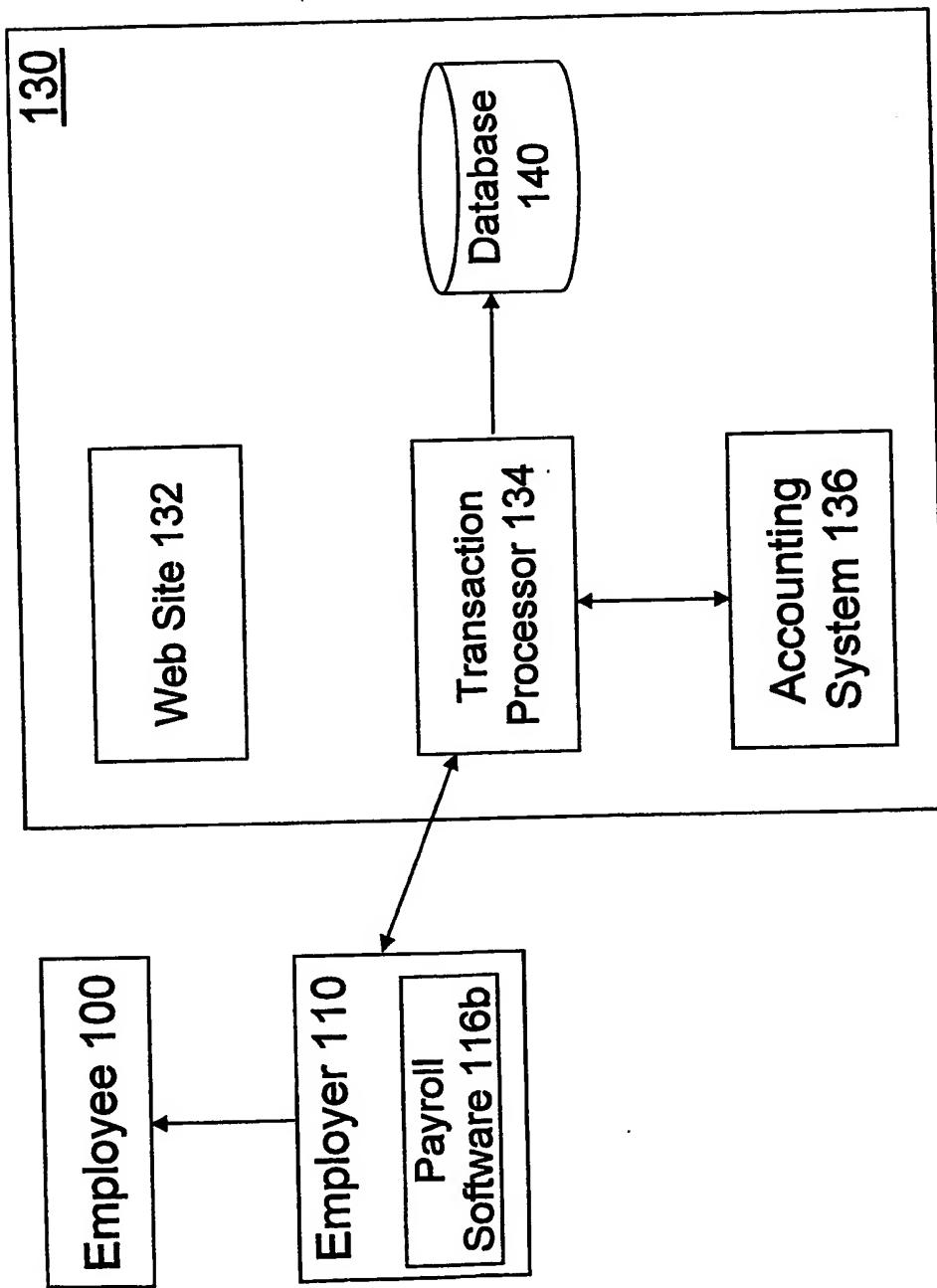


FIG. 5

## Employee Registration (1)

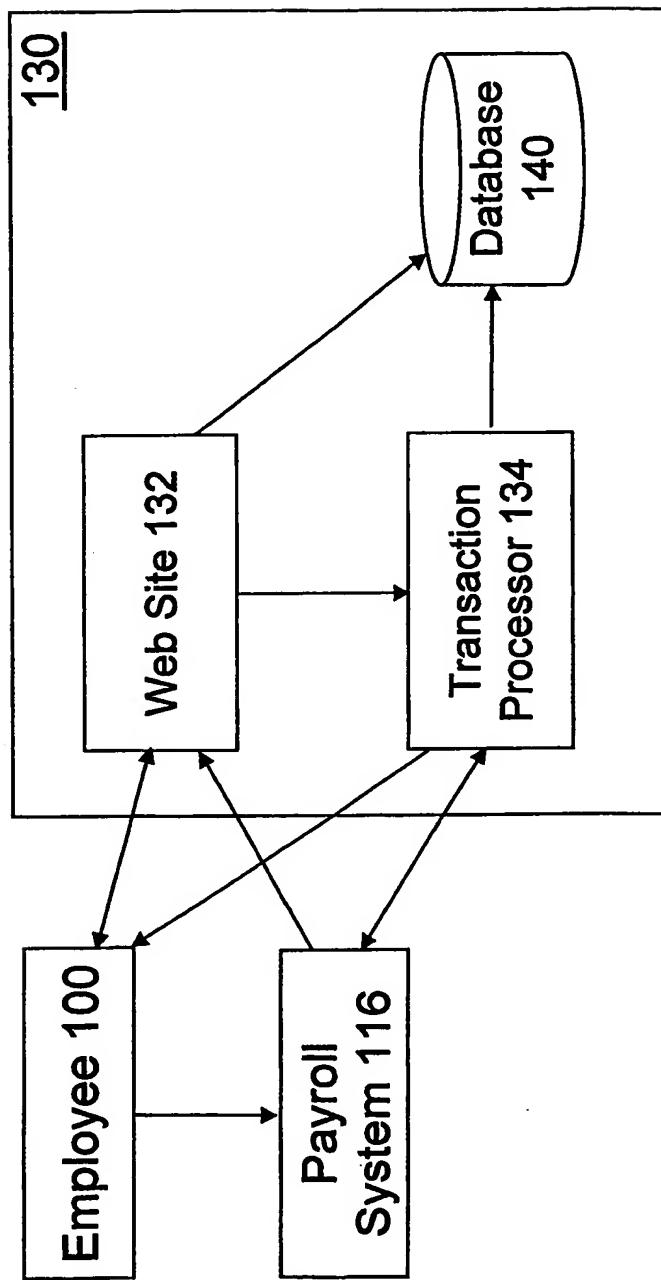
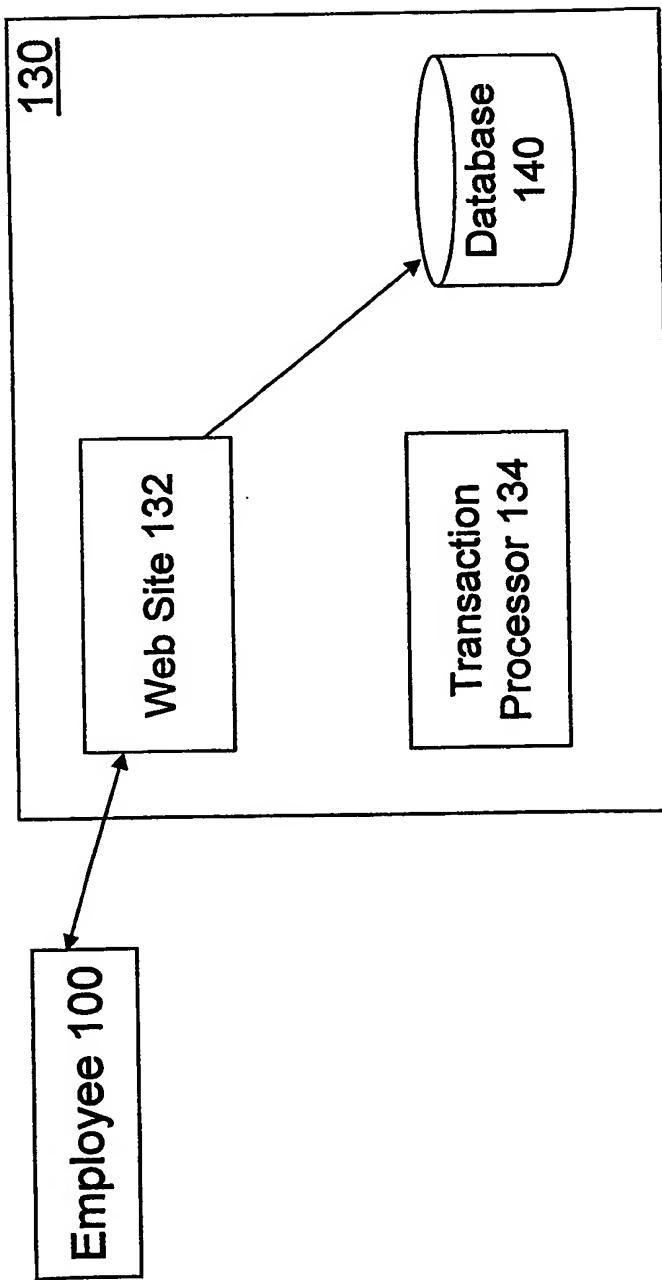


FIG. 7

FIG. 9

### Employee Update (1)



### Employee Update (3)

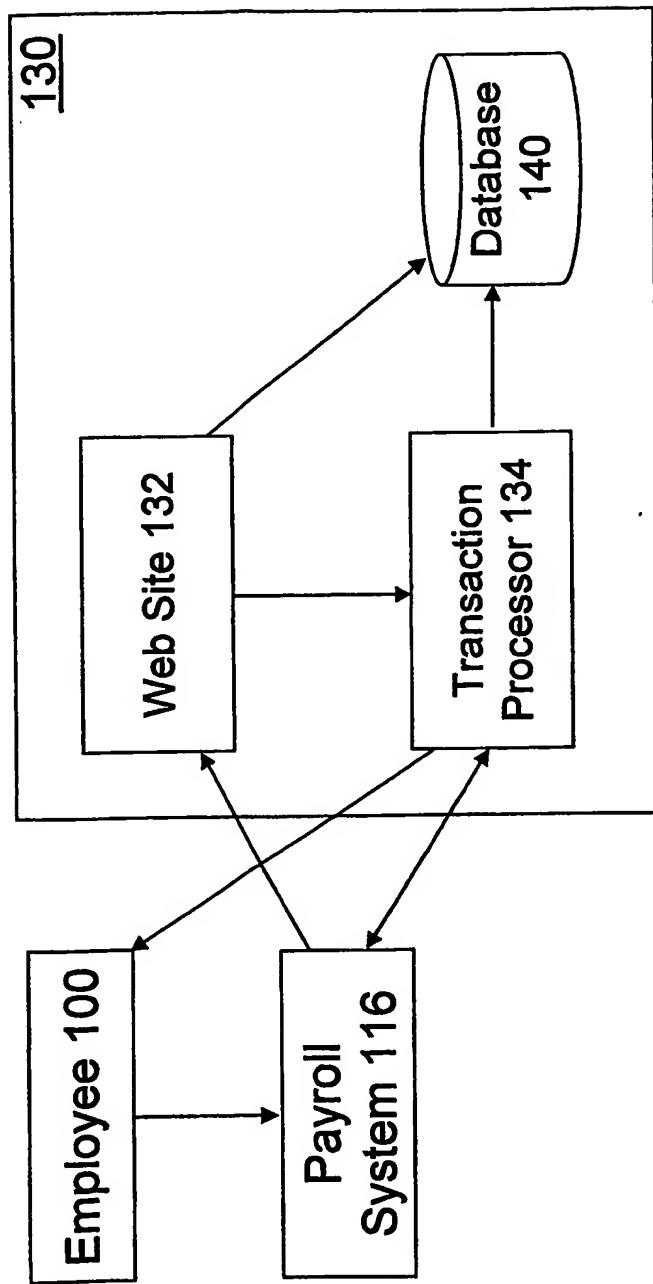


FIG. 11

## Employee Purchase Through Registered Vendor (Part 1)

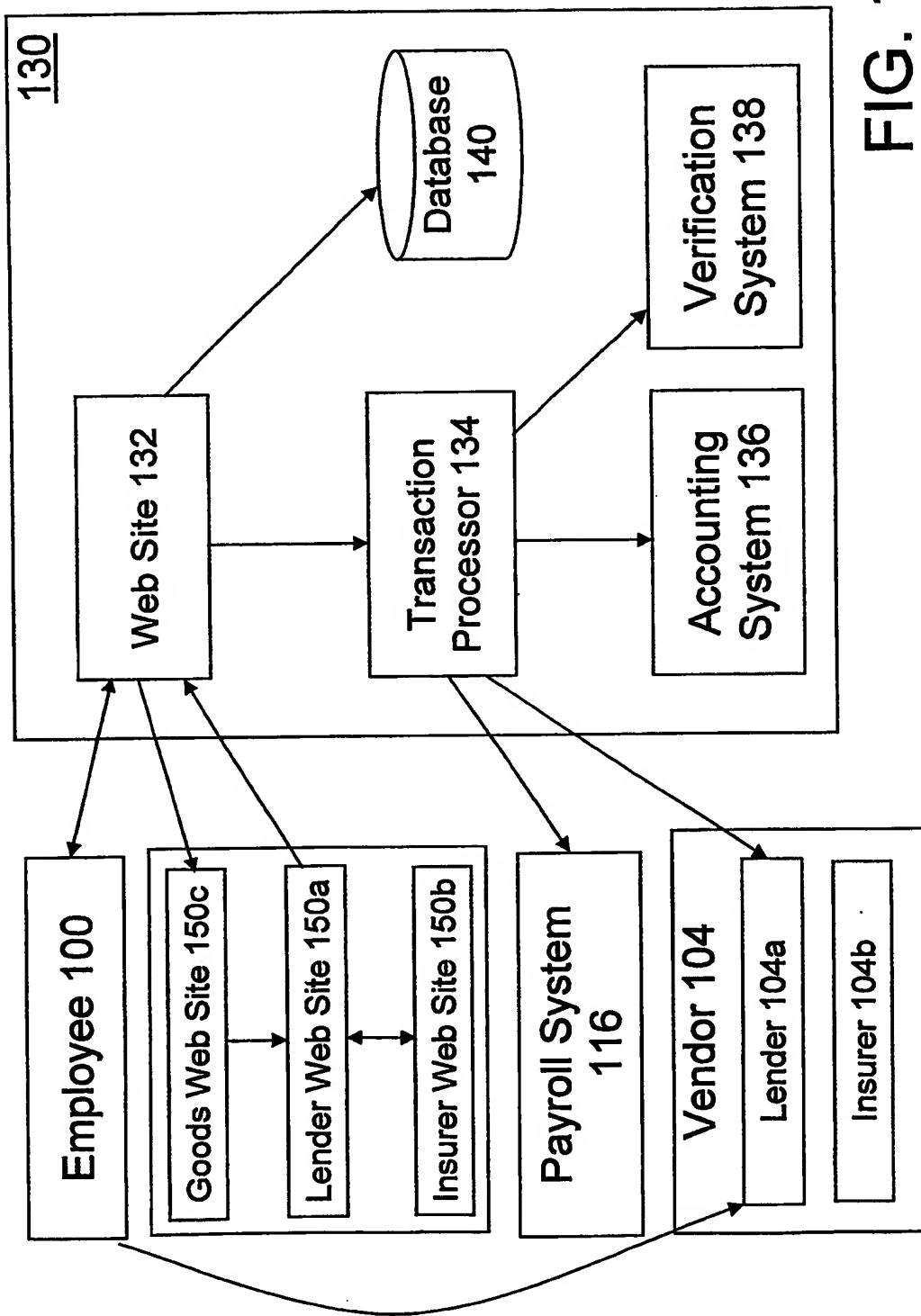
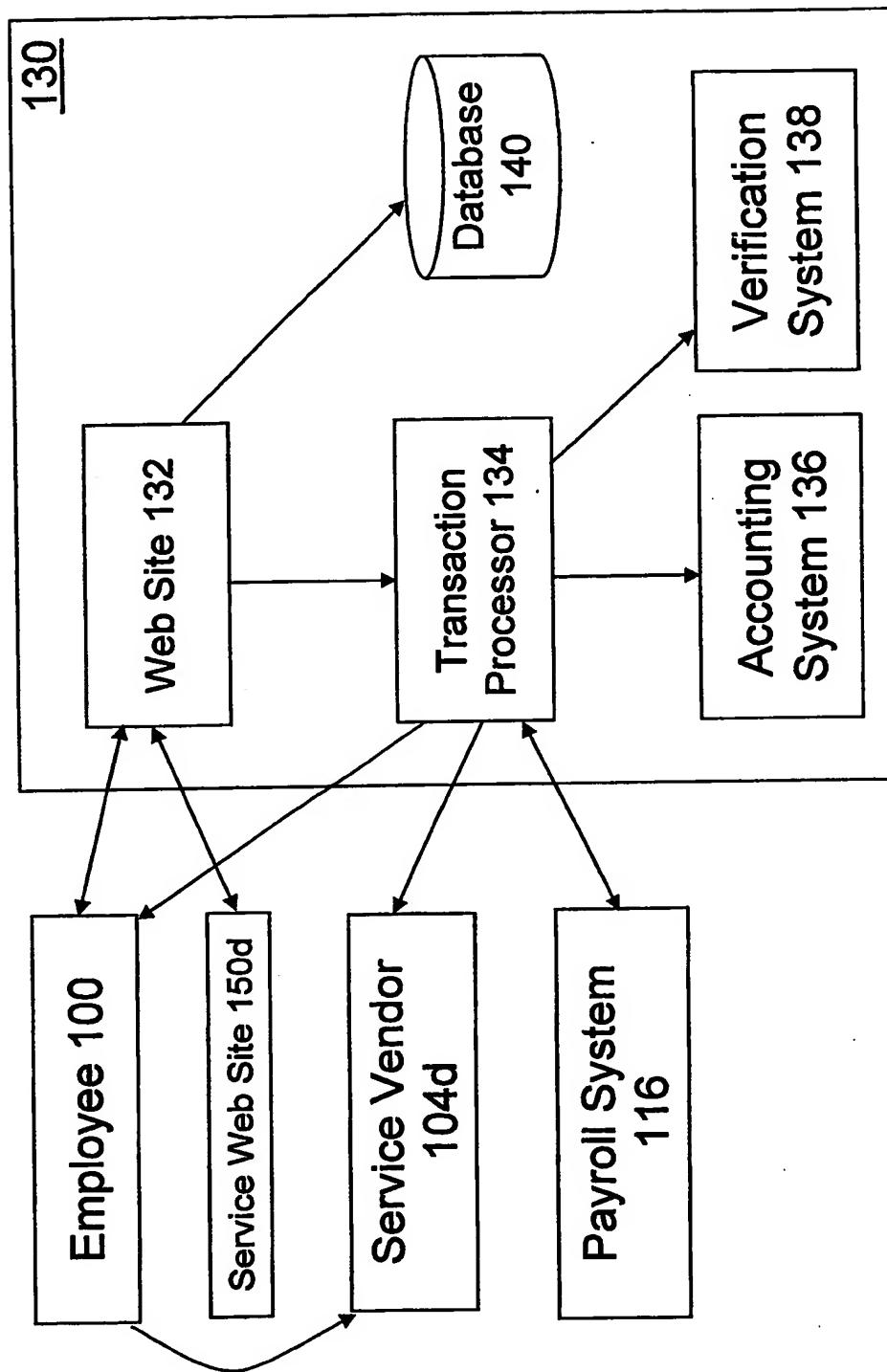


FIG. 13A

**Employee Purchase of Ongoing Service****FIG. 14**

## Payroll Process (1)

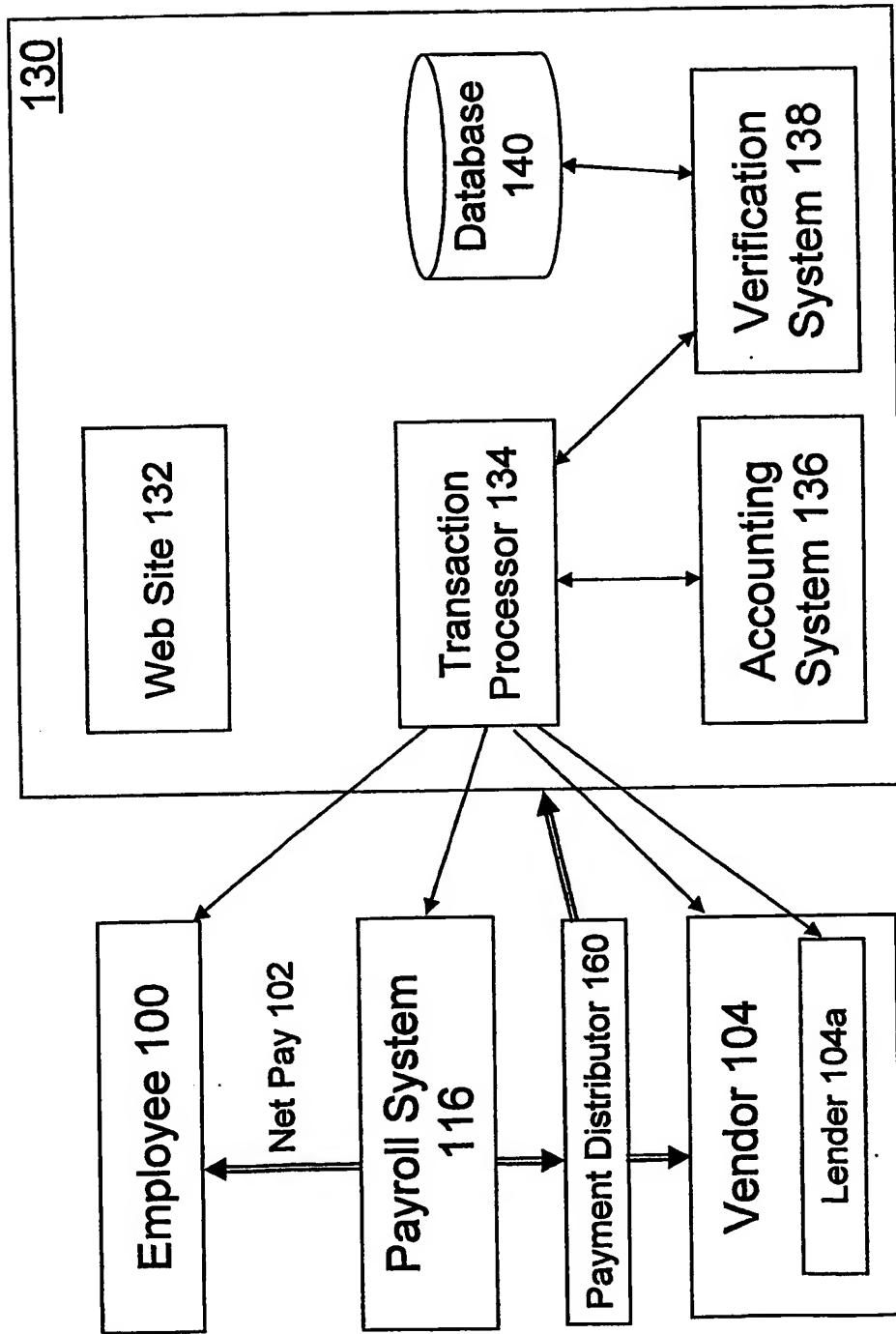
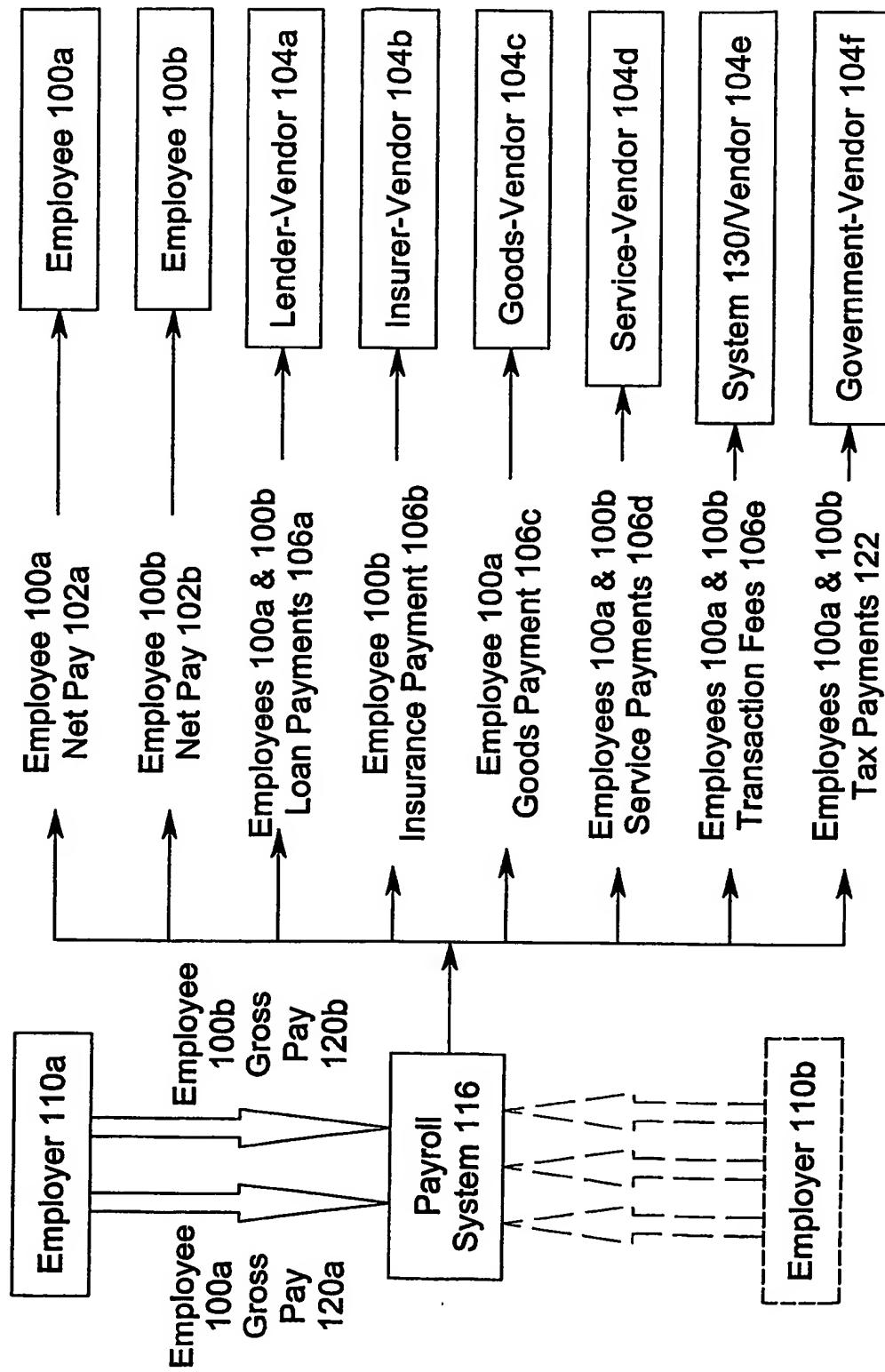


FIG. 16

**FIG. 18**

THIS PAGE BLANK (USPTO)